

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0368-01  
Bill No.: HB 48  
Subject: Elementary and Secondary Education Department; Motor Fuel; Revenue  
Department; Taxation and Revenue- General  
Type: Original  
Date: January 31, 2011

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Bill Summary: This proposal exempts motor fuel used to operate school buses transporting students for educational purposes from the motor fuel tax and requires a uniform and simplified motor fuel tax exemption claim process.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
State Road Fund	(\$2,191,000)	(\$2,643,000)	(\$2,565,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$2,191,000)</b>	<b>(\$2,643,000)</b>	<b>(\$2,565,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$2,276,311</b>	<b>\$2,112,311</b>	<b>\$2,107,311</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials at the **Missouri Department of Transportation (MoDOT)** assume the average school bus gets 6 miles per gallon. That would be an income loss of \$2,992,000 for FY 12, \$3,608,000 for FY 13 and \$3,626,000 for FY 14. Note this also includes the lost revenue to cities and counties.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume this proposal would create a savings to school districts and a loss to state revenues. DESE calculates the total bus miles traveled by school district owned and contracted buses during the 2009-10 school year was 126,712,824. The average school bus gets 7 miles per gallon. Total gallons used ( $126,712,824/7=18,101,832$ ). That would be an income loss of \$3,077,311.

The above estimate assumes that school bus contractors have arrangements or can make arrangements so that the Missouri fuel tax will not be paid by the school bus contractors thereby reducing the cost of bus transportation to school districts. For example, it is a practice by some school districts to purchase the fuel used by contractors.

	FY 2012	FY 2013	FY2012
State Road Fund	(\$2,191,000)	(\$2,643,000)	(\$2,565,000)
Cities	(\$449,000)	(\$541,000)	(\$544,000)
Counties	(\$352,000)	(\$424,000)	(\$426,000)
Total	(\$2,992,000)	(\$3,608,000)	(\$3,535,000)

Officials at the **Budget and Planning** assume this proposal should not result in additional costs or savings to the Division of Budget and Planning.

Officials at the **Department of Revenue (DOR)** assume that this legislation creates a new fuel tax exemption and exemptions reduce the amount of tax due and will reduce state revenues. The Department assumes the following costs to notify the 524 public school districts in the State of the exemption:

Letters -\$13 (524 @ \$.025 per letter)

Postage - \$231 (524 @ \$.44 per letter)

Envelopes - \$21 (524 @ \$.04 per letter).

The total cost is \$265 in FY 2012.

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ASSUMPTION (continued)

The DOR has also stated due to budget constraints, reduction of staff and the limitations within the department's tax systems, changes cannot be made without significant impact to the DOR's resources and budget. Therefore, the IT portion of the fiscal impact is estimated with a level of effort valued at \$4,441.

The value of the level of effort is calculated by taking 168 FTE hours to make updates to the motor fuel tax system.

**Oversight** assumes that the Department of Revenue can absorb any costs arising from the proposal with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In similar legislation filed in 2009 officials at the **Parkway School District** assume a savings of \$42,500 annually.

In similar legislation filed in 2009, officials at the **St. Joseph School District** assume a savings of \$30,000 annually.

In similar legislation filed in 2009, officials at the **Sikeston R-6 School District** assume a savings of \$6,000 annually.

In similar legislation filed in 2009, officials at the **Jefferson City Public School District** assume a savings of \$20,000 to \$25,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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**STATE ROAD FUND**

Loss - MoDOT

Motor fuel tax exemption for school bus operation.	<u>(\$2,191,000)</u>	<u>(\$2,643,000)</u>	<u>(\$2,565,000)</u>
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**ESTIMATED NET EFFECT ON  
STATE ROAD FUND**

<u><b>(\$2,191,000)</b></u>	<u><b>(\$2,643,000)</b></u>	<u><b>(\$2,565,000)</b></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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Loss - Cities

Motor fuel tax exemption for school bus operations.	<u>(\$449,000)</u>	<u>(\$541,000)</u>	<u>(\$544,000)</u>
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Loss - Counties

Motor fuel tax exemption for school bus operations.	<u>(\$352,000)</u>	<u>(\$424,000)</u>	<u>(\$426,000)</u>
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Savings - School Districts

Motor fuel tax exemption for school bus operations.	<u>\$3,077,311</u>	<u>\$3,077,311</u>	<u>\$3,077,311</u>
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**ESTIMATED NET EFFECT ON  
LOCAL POLITICAL SUBDIVISIONS**

<u><b>\$2,276,311</b></u>	<u><b>\$2,112,311</b></u>	<u><b>\$2,107,311</b></u>
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FISCAL IMPACT - Small Business

Yes, to the extent a small business operates or contracts school buses for transporting students for educational purposes.

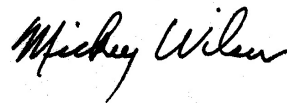
### FISCAL DESCRIPTION

This bill exempts fuel used to operate school buses transporting students for educational purposes from the motor fuel tax.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Missouri Department of Transportation  
Office of the Secretary of State  
Budget and Planning  
Department of Revenue  
Department of Elementary and Secondary Education

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
January 31, 2011